

HOUSE BILL 649

By Sargent

AN ACT to amend Tennessee Code Annotated, Title 4,
Chapter 28, relative to the Tennessee Small
Business Investment Company Credit Act.

WHEREAS, the Tennessee legislature, in 2009, passed Public Chapter 610, whereby it created the Tennessee Small Business Investment Company Credit Act, otherwise known as TNInvestco; and

WHEREAS, the TNInvestco program was created for the purpose of boosting Tennessee's entrepreneurial infrastructure, to bring additional capital into the state and to diversify the state's tools for stimulating Tennessee's economy; and

WHEREAS, pursuant to Tennessee Code Annotated § 4-29-111, under the Tennessee Governmental Entity Review Law, the comptroller of the treasury conducted a performance audit of the department of economic and community development and its selected programs and activities, including the TNInvestco program, and issued a report dated October, 2012; and

WHEREAS, certain potential deficiencies were noted in the implementation and development of the TNInvestco program and processes associated with the same; and

WHEREAS, one of the principal issues addressed within the audit was the department's submission of an annual report with required information on the annual review of the participating TNInvestco's; and

WHEREAS, the legislature desires to ensure appropriate transparency with regard to this important and beneficial program; now, therefore,

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. Tennessee Code Annotated, Section 4-28-110(a)(4), is amended by deleting the language "Within one hundred eighty (180) days" and substituting instead "Within one hundred twenty (120) days".

SECTION 2. Tennessee Code Annotated, Section 4-28-110(c), is amended by deleting the last sentence of the subsection.

SECTION 3. Tennessee Code Annotated, Section 4-28-111(b), is amended by deleting the existing language and by substituting instead the following:

(b) The department shall provide the qualified TNInvestco a summary of findings including any areas of noncompliance. The qualified TNInvestco shall have forty-five (45) days to cure any areas of noncompliance. Failure to cure the areas of noncompliance within forty-five (45) days shall result in a penalty of ten thousand dollars (\$10,000) per day until the noncompliance is cured. The proceeds from any such penalty shall be deposited into the department of revenue-implemented Tennessee rural opportunity fund, to further the state's economic development efforts. Funds related to the investment tax credit shall not be used to pay the penalty imposed under this section.

SECTION 4. Tennessee Code Annotated, Section 4-28-112, is amended by adding a the following language as a new subsection (c):

(c) The department of economic and community development shall submit the annual report to the designees as specified in subsection (a) no later than September 1 of the year following the year of the annual review of the participating TNInvestcos. If the report cannot be submitted by the September 1 deadline, the commissioner must notify the designees as specified in subsection (a) no later than thirty (30) days prior to the report due date that the report will be late, the reasons why the report cannot be submitted in a timely manner, and provide an estimated submittal date.

SECTION 5. Tennessee Code Annotated, Section 4-28-110(a)(2)(C), is amended by deleting "December 1" and substituting "December 31".

SECTION 6. This act shall take effect upon becoming law, the public welfare requiring it.